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AGENDA ITEM 3

TO: MEMBERS OF THE BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

- I. SUBJECT:** Customer Service Experience Project Report
- II. PROGRAM:** Member and Benefit Services Branch
- III. RECOMMENDATION:** This is an information item.
- IV. ANALYSIS:**

Background

CalPERS is dedicated to providing world-class customer service to our more than 1.4 million members and 2,500 public agency employers. With the rapid advance of technology, CalPERS' customers have come to expect a variety of efficient and easy to use methods of requesting services and accessing information. At the same time, our customers want flexibility and choice in how they interact with CalPERS. They want to use on-demand, self service tools when convenient, while preserving their option to call or visit when they need more personalized interaction; and they want those services delivered quickly, efficiently and accurately.

Also to be considered is the aging population of public employees which will create a growing demand for CalPERS pension and health related services. More than 32 percent of CalPERS active members are older than 50 years of age. This represents more than 250,000 potential retirees and a 27 percent increase in retirement-related workload over the next 10 years when compared to the previous 10 year period.

Providing top quality service that meets the needs of our customers, while at the same time, increasing operational efficiencies to meet the rising demand for CalPERS products and services, is one of the major challenges facing the organization today. CalPERS staff are taking proactive steps to meet this challenge head on.

Customer Service Experience Project

In July of 2006, CalPERS initiated the Customer Service Experience (CSE) Project. The “customer service experience” refers to the experience that our customers have when they interact with us through our various service delivery channels (i.e., paper, telephone, electronic, and face-to-face). Because the customer service experience greatly influences the perception our members and employers have of our organization, our goal is to ensure that our customers have a positive experience regardless of when and how they interact with us.

The CSE Project Team consisted of representatives from various divisions throughout the organization including the Member Services Branch, Actuarial and Employer Service Branch, Health Benefits Branch, Information Technology Services, and the Office of Public Affairs. The team conducted “Best Practices” research and held focus group sessions with active member, retired member and employer groups. The team also reviewed the data that was presented in the 2006 Member Services and Health Subject Survey and 2006 Pension Subject Survey that was presented to the Committee last month.

Based on the research and focus group feedback, the team concluded that CalPERS could provide timely and accurate service to our members and employers in the face of increasing workload demands by streamlining the way services are delivered and by directing customers to the most appropriate resource that provides the desired service quickly, accurately and in a cost effective manner. The Team developed a customer service improvement strategy that focuses on 1) moving more products and services to the CalPERS website to enhance self-service, 2) providing our customers with greater access to CalPERS information and education material, and 3) providing them access to their own personal account information.

Member Self-Service

With the advent of the internet and its global acceptance, most of the services that customers want and need can now be easily accessed via the web and, those services can be rendered faster, and in many cases, much more efficiently through this particular service channel. For example, today our members can obtain products such as forms and publications by visiting a regional office, calling our Customer Contact Center or mailing in a request. Once the request is received, it may take 5 to 7 days before the member actually receives those items through the mail. By giving members the ability to download and print those forms and publications through our CalPERS website, not only are they able to receive the products instantly, but they would be able to access this service (from any location at which they have computer access) 24 hours a day, 7 days a week. Customers in need of general information, forms and

publications, and/or basic transactions such as changing their address or beneficiary designation would not be constrained by the availability of CalPERS staff or the five day work week.

Enhancing customer self-service opportunities will allow CalPERS to assist greater numbers of customers quickly and efficiently. This in turn, will significantly increase the level of service provided via the other channels. In other words, providing self-service capability for routine and simple transactions, products, and services will free-up staff to handle the more complex transactions and services that require detailed analysis and/or highly personalized interactions via the telephone or face-to-face.

An example of an industry that has successfully placed a greater reliance upon customer self-service tools which enable them to service more customers in an efficient manner while maintaining a high level of customer service, is the banking industry. Banks encouraged the use of ATMs, on-line banking, electronic fund transfers, and automated bill paying. As customers tried the new channels, they found that these new options allowed them to perform banking transactions more quickly and easily, and with greater schedule flexibility. Customers also had the comfort in knowing that they could interact directly with bank staff if necessary. By providing self-service options that were simple and easy to use, quick, efficient, and readily available, adoption rates for these new services continues to be high.

Guiding Principles

Based on the research and feedback from the focus groups, the CSE Team also developed a list of fundamental concepts to serve as “guiding principals” for formulating the CSE vision and philosophy. Some of the key elements/themes of the guiding principals include:

- CSE decisions, policies, strategies and individual self-service enhancement projects should result in value to both the customer (i.e., increased customer satisfaction) and to CalPERS (i.e., increased efficiency). However, improving customer service is the ultimate goal and the primary focus.
- When the customer interacts with CalPERS to obtain a product or service, the interaction should be straightforward and the customer should come away feeling satisfied with the experience.
- Customers should be given a choice and not be forced to use a particular service delivery channel. CalPERS must create the incentive for the customer *to want* to use a particular channel (e.g., the web) by developing a

product or service that is clearly superior (more information, shorter wait times, etc.) to that which is currently being offered.

CSE Project Initiatives

The CSE Team identified 26 potential project initiatives for improving member self-service and access to personal information. Some of the potential projects include:

- **Education** - Providing on-line ability to take education classes, register for classes, view class schedules, view a list of available classes and classes the member has already completed.
- **Submitting Forms/Documents On-line** – Giving members the ability to complete and submit documents such as a service retirement application via the internet.
- **E-Subscriptions for Employer Broadcast Messaging** – Converting the Broadcast Message Service for employers from a mailing list subscription to fully automated eSubscription Service, similar to eNews and eAgenda alerts.
- **On-line Service Credit Account Information** - Giving members 24/7 access to view information pertaining to their service credit payments including outstanding balance, number of remaining payments, next payment due date and payment history; following implementation of the Pension System Resumption Project (PSR), will include the ability to make a payment on-line.

Implementation – Phase I

Refer to Exhibits I and II for a listing of existing project initiatives as well as those which will be developed in the current year (Phase I).

The CSE strategy is predicated on successful implementation of self-service tools that are adopted by and valued by our customers. Therefore, there are several things that must be done before we can begin developing and implementing these new tools.

Infrastructure Enhancements: The initial phase of the CSE implementation will focus on restructuring the CalPERS website, streamlining the content, personalizing information, and implementing other infrastructure initiatives to meet best practice standards and improve the customer's experience. Getting our customers comfortable with our website is the key to customer adoption. For this reason, the first project to be developed under the CSE Strategy is the

MyCalPERS/Member Account Profile. This dynamic web application will provide members with personalized content and online access to their account profile. *A live demonstration of the MyCalPERS/Member Account Profile prototype will be presented to the committee as part of this report.*

System and Data Security Enhancements: Through implementation of this strategy, our customers will be provided with products and services that are more robust than ever before. They will be able to perform transactions over the internet, access personal account information, and will have immediate access to a wide variety of CalPERS products and services. However, because our customers will be provided the ability to access personal account information and other CalPERS data, there is also a need for enhanced system and data security measures. It is imperative that we protect our member's personal account information, as well as, the integrity of our IT systems. Our members and employers must feel comfortable that their personal information is secure. Therefore, in addition to the MyCalPERS/Member Account Profile Project, first year development projects will also include the development and implementation of enhanced security controls within our web infrastructure.

Marketing and Education: CalPERS will also undertake a comprehensive marketing campaign to educate our members and employers regarding the best ways to interact with CalPERS (based on the particular product or service being requested), upcoming products and services that will be offered through our CalPERS website, and the benefits and advantages of using these new self-service tools.

Summary

Providing self-service tools that are reliable, easy to access, easy to use, and which fulfill the needs of our customers quickly and efficiently are the key elements in the success of this customer service improvement strategy. Successful implementation of the strategy will improve customer service by enabling us to meet the needs of greater numbers of customers quickly and efficiently and freeing up resources to focus on those types of customer interactions that require highly personalized service via the telephone or face-to-face.

V. STRATEGIC PLAN:

This item supports the Strategic Plan as follows:

Goal IV by designing and developing education and communication initiatives to ensure broad member and stakeholder understanding of CalPERS' value.

Goal V by providing sustainable pension benefit products and services responsive to and valued by members, employers, and stakeholders.

Goal VI by administering pension benefit services in a customer-oriented and cost-effective manner.

Goal VII by enabling and educating members and employers to make informed decisions leading to a predictable and secure retirement future.

VI. RESULTS/COSTS:

There will be additional costs associated with each of the CSE project initiatives, however the specific costs for each of those are not known at this time. Detailed cost estimates will be developed as feasibility studies and project scoping are completed and the projects are brought forward to CalPERS executive staff for approval.

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Attachment